

SO ORDERED.

SIGNED this 22nd day of May, 2024.



Leila Mansori James
 LENA MANSORI JAMES
 UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
 FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
 GREENSBORO DIVISION**

IN RE:)	
Chadley Capital, LLC,)	Case No. 24-10170
Debtor.)	Chapter 7

ORDER

(1) HOLDING WILLIAM RHEW, III IN CONTEMPT OF THIS COURT'S TURNOVER ORDER,
 (2) DIRECTING WILLIAM RHEW, III BE REMANDED INTO THE CUSTODY OF THE
 UNITED STATES MARSHAL SERVICE, AND (3) SETTING A FURTHER HEARING

This matter came before the Court on May 22, 2024 for a continued show cause hearing on William Rhew, III's contempt of this Court's Order Granting Motion for Turnover (Docket No. 33, the "Turnover Order"). All interested parties having received notice, Brian Anderson, chapter 7 trustee (the "Trustee"), Robert E. Price, Jr., Assistant Bankruptcy Administrator, and Joshua Bennett, attorney for Rhew, appeared at the hearing. Rhew was also present and testified.

This Court has already found Rhew in contempt of the Turnover Order in orders dated April 25, 2024 (Docket No. 45), April 29, 2024 (Docket No. 49), May 8, 2024 (Docket No. 65), and May 16, 2024 (Docket No. 69). As of the date of this order, Rhew remains in contempt. He has not turned over estate assets, including cryptocurrency wallets, codes, and passphrases, with a value of over \$27,000,000 by his own estimate. Rhew has also consistently slow-played his cooperation with the Trustee, providing fragments of information just prior to each scheduled hearing. Critically, Rhew has failed to provide any meaningful documentation evidencing the

past or present location of estate assets or potential transfers. Against this backdrop, the Court is unable to find Rhew's testified inability to locate assets to be credible given the inconsistencies in his testimony, his admission that he has not told the truth in the past, and his repeated use of delay tactics in this proceeding.¹

Based on the record of this case, the Court finds Rhew has continuously—and without justification—evaded his responsibility to comply with the Turnover Order and to fully cooperate with the Trustee in delivering assets of the estate. Because the Court's imposition of compensatory sanctions, daily fines, and the threat of incarceration have proven ineffective at coercing Rhew's full compliance, the Court finds that Rhew's behavior warrants coercive incarceration for civil contempt. Although Rhew's counsel challenged whether this step is warranted at this stage, he conceded that if Rhew is incarcerated long enough he would come up with additional information to provide to the Trustee and to the Court.

The incarceration of William Rhew, III is imposed for noncompliance with the Turnover Order, and Rhew shall be incarcerated until (i) he purges his contempt or indicates to the Court's satisfaction that he will do so by taking concrete steps by a date certain, (ii) demonstrates to the Court that he is unable, for good cause, to comply, or (iii) the Court otherwise issues an order releasing Rhew from custody.

Therefore, the Court will order that Rhew be remanded into the custody of the United States Marshal Service until he complies with the Turnover Order or shows cause as to why he is unable to do so. *See Int'l Union, United Mine Workers of Am. v. Bagwell*, 512 U.S. 821, 828-29 (1994); *Lawrence v. Goldberg (In re Lawrence)*, 279 F.3d 1294, 1297 (11th Cir. 2002); *In re CTLI, LLC*, 528 B.R. 359, 379 (Bankr. S.D. Tex. 2015); *In re 1990's Caterers Ltd.*, 531 B.R. 309, 321 (Bankr. E.D.N.Y. 2015); *In re Vaso Active Pharms., Inc.*, 514 B.R. 416, 426 (Bankr. D. Del. 2014).

For the foregoing reasons, IT IS HEREBY ORDERED as follows:

¹ As just one example, Rhew disclosed the existence of an as-yet-undiscovered Chromebook computer at the May 16th hearing and the Court asked Rhew under oath if he had completely searched his home for the device and any other assets of the estate. Rhew's sworn testimony was that he searched everywhere he had access to in his home; however, the very next day Rhew delivered the Chromebook to the Trustee, explaining that he discovered the device in his attic.

1. William Rhew, III is remanded into the custody of the United States Marshal Service and shall remain in custody until he complies with the Turnover Order or shows cause as to why he is unable to do so;
2. Rhew is entitled to orally inform the United States Marshal Service or Trustee, or to send a letter or other written submission directly to the Court, demonstrating that he has purged his contempt or will do so by taking concrete steps by a date certain, or that he is unable in good faith to comply, whereupon the Court will schedule a further hearing to determine whether Rhew should be released from custody; and
3. William Rhew, III is ORDERED to attend a further hearing to be held at 10:00 a.m. on Wednesday, May 29, 2024 at the United States Bankruptcy Court, 601 W. 4th Street, Winston-Salem, North Carolina. If, at the conclusion of the hearing, Rhew has not purged his contempt, shown to the Court's satisfaction that he will do so, or demonstrates that he is unable, for good cause, to comply, he will be remanded again into the custody of the United States Marshal and will remain so pending a further hearing before this Court pursuant to the provisions in paragraph 2 above.

END OF DOCUMENT

PARTIES TO BE SERVED

Chadley Capital LLC

Case No. 24-10170

John Paul Hughes Cournoyer, Bankruptcy Administrator

via cm/ecf

Brian Richard Anderson, Trustee

via cm/ecf

Robert A. Cox, Jr. on behalf of Petitioning Creditors

via cm/ecf

James R. Irving on behalf of Petitioning Creditors

via cm/ecf

Chadley Capital LLC

Attn: William Rhew, III

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William Rhew III

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Chadley Capital, LLC

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